Exhibit 300 (BY2008)

PART ONE	
OVERVIEW	
1. Date of Submission:	2006-11-07
2. Agency:	015
3. Bureau:	45
4. Investment Name:	Business Master File (BMF)
5. UPI:	015-45-01-14-01-2402-00

6. What kind of investment will this be in FY2008?
Mixed Life Cycle

7. What was the first budget year this investment was submitted to OMB?
FY2001 or earlier

8. Provide a brief summary and justification for this investment, including a brief description of how this closes in part or in whole an identified agency performance gap.
IRS is responsible for collecting revenue from citizens and businesses in order to fund the operations of the federal government. In order to effectively accomplish this goal, it must maintain authoritative data on business taxpayers. The Business Master File (BMF) and the Employee Plans Master File (EPMF) are the authoritative data stores for taxpayers' accounts other than Individual Filers. The BMF project maintains the BMF and the EPMF. The Business Master File contains the tax records of Businesses, Tax Exempt Organizations, Estates, and Gift Tax Filers. Accounts are updated, taxes are assessed, and refunds are generated as required each tax filing period. Employee Plans (Form 5500) are jointly administered by IRS, the Department of Labor (DOL) and the Pension Benefit Guaranty Corporation (PBGC). These three agencies coordinate their activities to help customers understand and comply with the pension (retirement and disability) laws, assist customers in correcting mistakes that may occur when administering their plans, conserve plan benefits until an employee's retirement, and help preserve the tax benefits associated with these plans. DOL is responsible for converting or obtaining Form 5500 in electronic format. IRS then processes this data, posting it to an Employee Plan Master File (EPMF), and providing access to the posted data, as well as the data submitted. Virtually all IRS information system applications and processes depend on output, directly or indirectly, from these data sources. Thus, the BMF project is a critical component of IRS's ability to process tax returns, and must remain in operation. Corporate Data and System Management Domain has the primary responsibility for the BMF project, however, this investment also requires developmental support from a number of business areas at IRS, and the costs of these services are included as part of this Exhibit. These services include Product Assurance (PA), since new and/or modified code for production should be tested, and BMF Document Specific in Filing Systems Division (FS), which provides computer processing for Business Tax Returns, such as the Forms 941 Employment Taxes and Forms 1120 Corporate Returns.

9. Did the Agency's Executive/Investment Committee approve this request?
yes

9.a. If "yes," what was the date of this approval?
2006-08-09

10. Did the Project Manager review this Exhibit?
yes

11. Project Manager Name:
Truempy, Fred

Project Manager Phone:
202-283-3301

Project Manager Email:
Fred.W.Truempy@IRS.GOV

12. Has the agency developed and/or promoted cost effective, energy-efficient and environmentally sustainable techniques or practices for this project.
no

12.a. Will this investment include electronic assets (including computers)?

no

12.b. Is this investment for new construction or major retrofit of a Federal building or facility? (answer applicable to non-IT assets only)	
no	
13. Does this investment support one of the PMA initiatives?	
yes	
If yes, select the initiatives that apply:	

Expanded E-Government
Financial Performance
Human Capital

13.a. Briefly describe how this asset directly supports the identified initiative(s)?

Human Capital BMF provides data for predicting workload, as well as building case inventory. This allows IRS Business Operating Divisions to plan their workload and efficiently use their staff. Financial Performance BMF is the system of record of business taxpayer transactions for the Custodial Financial Statement and the annual financial statement audit. Expanded E-Government BMF provides data in an electronic format that allows other business areas in IRS to expand E-government.

14. Does this investment support a program assessed using OMB's Program Assessment Rating Tool (PART)?

no

14.a. If yes, does this investment address a weakness found during the PART review?

no

15. Is this investment for information technology (See section 53 for definition)?

yes

16. What is the level of the IT Project (per CIO Council's PM Guidance)?

Level 2

17. What project management qualifications does the Project Manager have? (per CIO Council's PM Guidance)

(1) Project manager has been validated as qualified for this investment

18. Is this investment identified as high risk on the Q4 - FY 2006 agency high risk report (per OMB's high risk memo)?

yes

19. Is this a financial management system?

no

19.a.1. If yes, which compliance area:

N/A

19.a.2. If no, what does it address?

N/A

19.b. If yes, please identify the system name(s) and system acronym(s) as reported in the most recent financial systems inventory update required by Circular A11 section 52.

N/A

20. What is the percentage breakout for the total FY2008 funding request for the following? (This should total 100%)

Hardware	0
Software	88
Services	11
Other	1

21. If this project produces information dissemination products for the public, are these products published to the Internet in conformance with OMB Memorandum 05-04 and included in your agency inventory, schedules and priorities?

n/a

22. Contact information of individual responsible for privacy related questions.

Name	
Richard Abrams	
Phone Number	
202-283-6998	
Title	
Program Manager	
Email	
Richard.Abrams@IRS.GOV	
23. Are the records produced by this investment appropriately scheduled with the National Archives and Records Administration's approval?	
yes	

SUMMARY OF SPEND

1. Provide the total estimated life-cycle cost for this investment by completing the following table. All amounts represent budget authority in millions, and are rounded to three decimal places. Federal personnel costs should be included only in the row designated Government FTE Cost, and should be excluded from the amounts shown for Planning, Full Acquisition, and Operation/Maintenance. The total estimated annual cost of the investment is the sum of costs for Planning, Full Acquisition, and Operation/Maintenance. For Federal buildings and facilities, life-cycle costs should include long term energy, environmental, decommissioning, and/or restoration costs. The costs associated with the entire life-cycle of the investment should be included in this report.

All amounts represent Budget Authority

(Estimates for BY+1 and beyond are for planning purposes only and do not represent budget decisions)

	PY-1 & Earlier	PY	CY
	-2005	2006	2007
Planning Budgetary Resources	0.000	0.000	0.000
Acquisition Budgetary Resources	0.000	0.000	0.000
Maintenance Budgetary Resources	37.843	3.949	0.357
Government FTE Cost	0.000	10.228	11.927
# of FTEs	291	92	100

Note: For the cross-agency investments, this table should include all funding (both managing partner and partner agencies).

Government FTE Costs should not be included as part of the TOTAL represented.

2. Will this project require the agency to hire additional FTE's?

yes

2.a. If "yes," how many and in what year?

Four FTE's in FY06. Staff increases are for continuity planning. A large number of employees working on the Business Master File Project are eligible for retirement. Several years of experience are required for new hires to have the knowledge to replace retired employees.

3. If the summary of spending has changed from the FY2007 President's budget request, briefly explain those changes.

Changes are due to a decrease in funding from the FY2007 President's budget request.

PERFORMANCE

In order to successfully address this area of the exhibit 300, performance goals must be provided for the agency and be linked to the annual performance plan. The investment must discuss the agency's mission and strategic goals, and performance measures must be provided. These goals need to map to the gap in the agency's strategic goals and objectives this investment is designed to fill. They are the internal and external performance benefits this investment is expected to deliver to the agency (e.g., improve efficiency by 60 percent, increase citizen participation by 300 percent a year to achieve an overall citizen participation rate of 75 percent by FY 2xxx, etc.). The goals must be clearly measurable investment outcomes, and if applicable, investment outputs. They do not include the completion date of the

module, milestones, or investment, or general goals, such as, significant, better, improved that do not have a quantitative or qualitative measure.

Agencies must use Table 1 below for reporting performance goals and measures for all non-IT investments and for existing IT investments that were initiated prior to FY 2005. The table can be extended to include measures for years beyond FY 2006.

Table 1

	Fiscal Year	Strategic Goal(s) Supported	Performance Measure	Actual/baseline (from Previous Year)	Planned Performance Metric (Target)	Performance Metric Results (Actual)
1	2006	Treasury Strategic Goal: Manage the U.S. Government's Finances Effectively. IRS Strategic Goal: Improve Taxpayer Service - Provide tools to ensure accurate, timely and accessible responses to tax law and account issues and inquires.	Accounts Updated On-Time (100%) according to the schedule in the Internal Revenue Manual 2.7.9 MCC Processing Timeliness.	100%	On-time measured on an annual basis (# on-time/52) Measurement data is provided by MCC.	100% As Of 9/30/2006
2	2006	Treasury Strategic Goal: Manage the U.S. Government's Finances Effectively. IRS Strategic Goal: Improve Taxpayer Service - Provide tools to ensure accurate, timely and accessible responses to tax law and account issues and inquires.	Assessments Posted On-Time (100%) according to the schedule in the Internal Revenue Manual 2.7.9 MCC Processing Timeliness.	100%	On-time measured on an annual basis (# on-time/52) Measurement data is provided by MCC.	100% As Of 9/30/2006
3	2006	Treasury Strategic Goal: Manage the U.S. Government's Finances Effectively. IRS Strategic Goal: Improve Taxpayer Service - Provide tools to ensure accurate, timely and accessible responses to tax law and account issues and inquires.	Refund Files On-Time (100%) according to the schedule in the Internal Revenue Manual 2.7.9 MCC Processing Timeliness.	100%	On-time measured on an annual basis (# on-time/52) Measurement data is provided by MCC.	100% As Of 9/30/2006
4	2007	Strategic Goal listed in FY 2006	Accounts Updated On-Time (100%) according to the schedule in the Internal Revenue Manual 2.7.9 MCC Processing Timeliness.	100%	On-time measured on an annual basis (# on-time/52) Measurement data is provided by MCC.	
5	2007	Strategic Goal listed in FY 2006	Assessments Posted On-Time (100%) according to the schedule in the Internal Revenue Manual	100%	On-time measured on an annual basis (# on-time/52) Measurement data is provided	

		2.7.9 MCC Processing Timeliness.		by MCC.	
6	2007	Strategic Goal listed in FY 2006	Refund Files On-Time (100%) according to the schedule in the Internal Revenue Manual 2.7.9 MCC Processing Timeliness.	100%	On-time measured on an annual basis (# on-time/52) Measurement data is provided by MCC.	

All new IT investments initiated for FY 2005 and beyond must use Table 2 and are required to use the FEA Performance Reference Model (PRM). Please use Table 2 and the PRM to identify the performance information pertaining to this major IT investment. Map all Measurement Indicators to the corresponding "Measurement Area" and "Measurement Grouping" identified in the PRM. There should be at least one Measurement Indicator for at least four different Measurement Areas (for each fiscal year). The PRM is available at www.egov.gov.

Table 2

Fiscal Year	Measurement Area	Measurement Grouping	Measurement Indicator	Baseline	Planned Improvement to the Baseline	Actual Results

EA

In order to successfully address this area of the business case and capital asset plan you must ensure the investment is included in the agency's EA and Capital Planning and Investment Control (CPIC) process, and is mapped to and supports the FEA. You must also ensure the business case demonstrates the relationship between the investment and the business, performance, data, services, application, and technology layers of the agency's EA.

1. Is this investment included in your agency's target enterprise architecture?

yes

2. Is this investment included in the agency's EA Transition Strategy?

yes

2.a. If yes, provide the investment name as identified in the Transition Strategy provided in the agency's most recent annual EA Assessment.

Business Master File

3. Identify the service components funded by this major IT investment (e.g., knowledge management, content management, customer relationship management, etc.). Provide this information in the format of the following table. For detailed guidance regarding components, please refer to http://www.whitehouse.gov/omb/egov/.

Component: Use existing SRM Components or identify as NEW. A NEW component is one not already identified as a service component in the FEA SRM.

Reused Name and UPI: A reused component is one being funded by another investment, but being used by this investment. Rather than answer yes or no, identify the reused service component funded by the other investment and identify the other investment using the Unique Project Identifier (UPI) code from the OMB Ex 300 or Ex 53 submission.

Internal or External Reuse?: Internal reuse is within an agency. For example, one agency within a department is reusing a service component provided by another agency within the same department. External reuse is one agency within a department reusing a service component provided by another agency in another department. A good example of this is an E-Gov initiative service being reused by multiple organizations across the federal government.

Funding Percentage: Please provide the percentage of the BY requested funding amount used for each service component listed in the table. If external, provide the funding level transferred to another agency to pay for the service.

Agency Component Name	Agency Component Description	Service Type	Component	Reused Component Name	Reused UPI	Internal or External Reuse?	Funding %

1	Data Exchange	BMF receives e-filed and transcribed taxpayer return information for processing and posting to the master file. Additionally, all other IRS system applications that process business master file data depend on output, directly or indirectly from this data source. Due to the central importance that the BMF plays in the processing of business taxpayer returns, it also exchanges data with external trading partners that have the need and the authority to obtain the data.	Data Management	Data Exchange			No Reuse	72
2	Loading and Archiving	The BMF Doc Specific portion of the BMF project receives electronic or transcribed data from business tax returns, performs validity checks in preparation to posting to the BMF. The Pre-Posting activity reformats tax data and transactions and performs additional checks and validation before passing the data on for posting. The data resides on the BMF until no action has occurred on a specific tax period for a period of years. This data is then archived onto permanent media for storage.	Data Management	Loading and Archiving			No Reuse	28

4. To demonstrate how this major IT investment aligns with the FEA Technical Reference Model (TRM), please list the Service Areas, Categories, Standards, and Service Specifications supporting this IT investment.

FEA SRM Component: Service Components identified in the previous question should be entered in this column. Please enter multiple rows for FEA SRM Components supported by multiple TRM Service Specifications.

Service Specification: In the Service Specification field, Agencies should provide information on the specified technical standard or vendor product mapped to the FEA TRM Service Standard, including model or version numbers, as appropriate.

	SRM Component	Service Area	Service Category	Service Standard	Service Specification (i.e., vendor and product name)
1	Data Exchange	Service Access and Delivery	Access Channels	Other Electronic Channels	Custom code

2	Data Exchange	Component Framework	Data Management	Reporting and Analysis	Custom code
3	Loading and Archiving	Service Interface and Integration	Interface	Service Description / Interface	Custom code
4	Loading and Archiving	Service Access and Delivery	Service Transport	Service Transport	Custom code
5	Loading and Archiving	Service Platform and Infrastructure	Software Engineering	Software Configuration Management	CA Allfusion Endevor
6	Loading and Archiving	Service Platform and Infrastructure	Software Engineering	Test Management	Custom code
7	Data Exchange	Service Platform and Infrastructure	Software Engineering	Test Management	Custom code
8	Data Exchange	Component Framework	Security	Supporting Security Services	IBM RACF

5. Will the application leverage existing components and/or applications across the Government (i.e., FirstGov, Pay.Gov, etc)?

no

5.a. If yes, please describe.

No

6. Does this investment provide the public with access to a government automated information system?

no

6.a.1. If yes, provide the specific product name(s) and version number(s) of the required software and the date when the public will be able to access this investment by any software (i.e. to ensure equitable and timely access of government information and services).

N/A

PART TWO

RISK

You should perform a risk assessment during the early planning and initial concept phase of the investment's life-cycle, develop a risk-adjusted life-cycle cost estimate and a plan to eliminate, mitigate or manage risk, and be actively managing risk throughout the investment's life-cycle.

Answer the following questions to describe how you are managing investment risks.

1. Does the investment have a Risk Management Plan?

yes

1.a. If yes, what is the date of the plan?

2006-10-20

1.b. Has the Risk Management Plan been significantly changed since last year's submission to OMB?

no

1.c. If yes, describe any significant changes:

N/A

2.b. If no, what is the strategy for managing the risks?

N/A

3. Briefly describe how investment risks are reflected in the life cycle cost estimate and investment schedule: (O&M investments do NOT need to answer.)

Each year, this project routinely receives more change requests then the budget permits the project to approve. In this case, as the Life Cycle risk assessment indicates, the project prioritizes work and reduces expenditures wherever possible (training and travel, etc.). If necessary, we request additional funding through the E300 process.

COST & SCHEDULE

Does the earned value management system meet the criteria in ANSI/EIA Standard 748?	
no	
What costs are included in the reported Cost/Schedule Performance information?	
Contractor and Government	
2.e. As of date:	
2006-09-30	
7.b. If yes, explain the variance.	
Cost and Schedule variance are within the +-10% range.	
7.c. If yes, what corrective actions are being taken?	
The organizations represented in this E300 manage within the budget allocations assigned by AD/FMS and the approved staffing levels. Even though the investment as a whole is within the +/-10% Cost Variance, Milestones 2 & 3 are outside of the tolerance. For Milestone 2, the Client Services and Internal Management Divisions were charged $721,000 incorrectly to this investment. For Milestone 3, Product Assurance has not spent up to their budget allocation. We will redistribute the budget allocations to bring the milestones within allowable variances. NOTE: There is no schedule impact. Filing Season delivery will be on time.	
8. Have any significant changes been made to the baseline during the past fiscal year?	
no	